



State of Wisconsin  
2023 - 2024 LEGISLATURE

LRB-3102/1  
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## 2023 SENATE BILL 308

May 24, 2023 - Introduced by Senators QUINN, WANGGAARD, BRADLEY, COWLES, FEYEN and NASS, cosponsored by Representatives ZIMMERMAN, WITTKE, ALLEN, ARMSTRONG, BINSFELD, GREEN, MURPHY, NEDWESKI, O'CONNOR, PETRYK, PRONSCHINSKE and RETTINGER. Referred to Committee on Universities and Revenue.

1     **AN ACT** *to create* 77.54 (70) and 238.40 of the statutes; **relating to:** a sales and  
2     use tax exemption for data center equipment or software.

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***Analysis by the Legislative Reference Bureau***

This bill creates a sales and use tax exemption for equipment or software used at a qualified data center, as certified by the Wisconsin Economic Development Corporation, for the processing, storage, retrieval, or communication of data.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the state and local fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

3     **SECTION 1.** 77.54 (70) of the statutes is created to read:  
4     77.54 (70) The sale of and the storage, use, or other consumption of equipment  
5     or software used at a qualified data center certified under s. 238.40 for the  
6     processing, storage, retrieval, or communication of data, including the following:

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1 (a) Servers, routers, connections, monitoring and security systems, and other  
2 enabling machinery, equipment, and hardware, including replacements, upgrades,  
3 component parts, and installations, regardless of whether the property is affixed to  
4 or incorporated into real property.

5 (b) Equipment used in the operation of computer equipment or software or for  
6 the benefit of the qualified data center, including component parts, installations,  
7 replacements, and upgrades, regardless of whether the property is affixed to or  
8 incorporated into real property.

9 (c) All equipment used for the transformation, distribution, or management of  
10 electricity that is used to operate computer server equipment, including substations,  
11 uninterruptible energy equipment, supplies, conduit, fuel piping and storage,  
12 cabling, duct banks, switches, switchboards, batteries, testing equipment, and  
13 backup generation equipment.

14 (d) All equipment necessary to cool and maintain a controlled environment for  
15 the operation of computer servers and other components of the qualified data center,  
16 including chillers, mechanical equipment, refrigerant piping, fuel piping and  
17 storage, adiabatic and free cooling systems, cooling towers, water softeners, air  
18 handling units, indoor direct exchange units, fans, ducting, and filters.

19 (e) All water conservation systems, including facilities or mechanisms that are  
20 designed to collect, conserve, and reuse water.

21 (f) All computer server equipment, including the chassis, networking  
22 equipment, switches, racks, fiber-optic and copper cabling, trays, and conduit.

23 (g) All conduit, ducting, and fiber-optic and copper cabling that may be located  
24 outside the qualified data center, directly related to connecting one or more qualified  
25 data center locations.

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1 (h) All monitoring equipment and security systems.

2 (i) Modular data centers and preassembled components of any item described  
3 in this subsection, including components used in the manufacturing of modular data  
4 centers.

5 (j) All software.

6 (k) Other tangible and intangible personal property that is essential, as  
7 determined by the Wisconsin Economic Development Corporation, to the operations  
8 of the qualified data center, excluding property used in the administration of the  
9 qualified data center.

10 (L) All electricity used at a qualified data center.

11 **SECTION 2.** 238.40 of the statutes is created to read:

12 **238.40 Data centers. (1) DEFINITIONS.** In this section:

13 (a) “Eligible data center costs” means expenditures made after the effective  
14 date of this paragraph .... [LRB inserts date], for the development, acquisition,  
15 construction, renovation, expansion, replacement, or repair and the operation of a  
16 qualified data center in this state, including costs of equipment or software, as  
17 specified in s. 77.54 (70), land, buildings, site improvements, modular data centers,  
18 computer data center equipment acquisition and permitting, lease payments, site  
19 characterization and assessment, engineering, and design used at a qualified data  
20 center in this state.

21 (b) “Qualified data center” means one or more buildings or an array of  
22 connected buildings owned, leased, or operated by the same business entity, as  
23 defined in s. 13.62 (5), or its affiliate and for which all of the following apply:

24 1. The buildings are rehabilitated or constructed to house a group of networked  
25 server computers in one physical location or multiple locations in order to centralize

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1 the processing, storage, management, retrieval, communication, or dissemination of  
2 data and information.

3 2. The buildings create a minimum qualified investment in this state of any of  
4 the following amounts within 5 years from the date on which the corporation certifies  
5 the data center as eligible to claim the exemption under s. 77.54 (70):

6 a. For buildings located in a county having a population greater than 100,000,  
7 \$150,000,000.

8 b. For buildings located in a county having a population greater than 50,000  
9 and not more than 100,000, \$100,000,000.

10 c. For buildings in a county having a population of not more than 50,000,  
11 \$50,000,000.

12 d. For buildings located in more than one county, the amount provided under  
13 subd. 2. a., b., or c. for the most populous county in which the buildings are located.

14 (c) "Qualified investment" means the aggregate, non-duplicative eligible data  
15 center costs expended at a qualified data center by an owner, operator, or tenant, or  
16 an affiliate of an owner, operator, or tenant, of the qualified data center.

17 **(2) CERTIFICATION.** The corporation shall certify an owner, operator, or tenant,  
18 or an affiliate of an owner, operator, or tenant, of a qualified data center to claim the  
19 sales and use tax exemption under s. 77.54 (70) in the manner prescribed by the  
20 corporation.

**SECTION 3. Effective date.**

21  
22 (1) **DATA CENTER EXEMPTION.** This act takes effect on the first day of the 3rd  
23 month beginning after publication.

24 (END)